

February 22, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

ASSEMBLY BILL 680 (STEINBERG) – (ITEM NO. 9, AGENDA OF FEBRUARY 26, 2002)

Item Number 9 on the Board agenda for Tuesday, February 26, 2002, is a motion by Supervisor Antonovich to oppose AB 680 (Steinberg) relating to sales tax revenue and land use in the Sacramento region.

AB 680, as amended on January 29, 2002, would enact the Sacramento Regional Smart Growth Act of 2002, and reallocate the sales tax *growth* among cities and counties in El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba counties. The bill would change the current allocation of the sales tax growth from 100 percent based on situs (where the tax is collected) to 2/3 situs and 1/3 based on each jurisdiction's share of the region's population. However, a jurisdiction failing to adopt policies which promote affordable housing, open space, and homeless or domestic violence shelters would forfeit half of its situs allocation to the Sacramento Area Council of Governments for regional projects such as transportation, infill development, and open space acquisition.

Other provisions of AB 680 would: allow cities and counties to opt out by pursuing their own revenue sharing arrangements before the effective date of January 1, 2004; and nullify the sales tax sharing if the State takes local revenue through another property tax shift or the Vehicle License Fee backfill. The bill applies only to the Sacramento area, and cannot be extended to other areas of the State. The Legislative Analyst would be required to conduct an evaluation no later than 2010.

Each Supervisor
February 22, 2002
Page 2

According to the author, AB 680 aims to end competition among jurisdictions for sales tax which, in the author's opinion, "has contributed greatly to sprawl and poor land use decisions" in the Sacramento area. This phenomena has been cited as the "fiscalization of land use." Supporters of AB 680 include the cities of Sacramento, Citrus Heights, Davis, and Sacramento County.

Opponents to AB 680 include the California League of Cities, the cities of West Sacramento, Woodland, Elk Grove, Roseville and Folsom, and Placer and Sutter Counties. They contend the State should not place conditions on local discretionary revenue sources, and the bill will do little to promote local land use planning.

CSAC has no position on AB 680.

A February 12, 2002 opinion by the Legislative Counsel concluded that AB 680 may not be constitutional.

On January 30, 2002, AB 680 passed the Assembly, 41-29, and has been referred to the Senate Committee on Local Government, and the Senate Committee on Revenue and Tax. No hearing date has been set.

As written, AB 680 does not impact the County. If the provisions of the bill were extended statewide, the system of sales tax sharing could be fiscally beneficial to the County but other requirements would infringe on the Board's land-use decision-making authority. The County's State Legislative Agenda adopted on January 8, 2002 opposes legislation that infringes on the Board's land use decision-making authority. However, your Board has seldom taken a position on legislation unless it affects the County. **Therefore, a position on AB 680 is a matter for Board policy determination.**

If you have any questions or need additional information, please let me know.

DEJ:GK
JF:md

c: Executive Officer, Board of Supervisors
County Counsel